

VZCZCXRO7153
RR RUEHGH RUEHVC
DE RUEHCN #0036/01 0341004
ZNR UUUUU ZZH
R 031004Z FEB 07
FM AMCONSUL CHENGDU
TO RUEHC/SECSTATE WASHDC 2380
INFO RUEHOO/CHINA POSTS COLLECTIVE
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEHCN/AMCONSUL CHENGDU 2875

UNCLAS SECTION 01 OF 02 CHENGDU 000036

SIPDIS

SENSITIVE
SIPDIS

STATE FOR EAP/CM AND EB
NSC FOR CHRISTINA COLLINS

E.O. 12958: N/A
TAGS: [ECON](#) [EAGR](#) [ELAB](#) [PGOV](#) [SOCI](#) [CH](#)
SUBJECT: CHONGQING STRUGGLES WITH RURAL POVERTY, RESETTLEMENT,
DROUGHT

REF: A) CHENGDU 33 B) 06 CHENGDU 1022

CHENGDU 00000036 001.2 OF 002

¶1. (SBU) Summary. While Chongqing officials praise their own response to last summer's drought -- the worst in the region in over a century -- and speak optimistically of development prospects, necessary funding for water conservation, education, and health care may be lacking. The city of Fuling, featured in the book "River Town" by a former Peace Corps volunteer, has seen large-scale construction of protective dikes and new housing projects, but local job opportunities appear scarce. An upbeat situation? Decidedly not. End summary.

¶2. (U) Consul General and Congenoff traveled to Chongqing and the city of Fuling January 22-28, meeting with government officials to discuss rural poverty and the effects of last summer's drought, and visiting areas affected by the filling of the Three Gorges Dam reservoir. A visit to a U.S.-invested agricultural project in Chongqing's Zhongxian County was described ref A.

A RURAL SECTOR BESET WITH PROBLEMS

¶3. (U) Congenoffs met with Chongqing Rural Working Office Director Mr. Xie Jinfeng to discuss the economic and social challenges facing Chongqing's rural population. A representative of Chongqing's FAO sat in on the meeting.

¶4. (U) Xie described how, although the Chongqing region's rural population is 23.5 million (out of a total 37.8 million), its rural economy accounts for only 15 percent of GDP. During 2006, over 7 million of those rural residents left the countryside for jobs in urban areas -- about half going to other provinces. Outside of Chongqing city, Guangdong, Hainan, Fujian, and Zhejiang are the most common destinations. The income generated by those migrant workers accounted for a substantial part of rural GDP: in 2006, government figures claimed total rural per capita income of 2871 RMB (USD 368), but Xie said RMB 1203 (USD 145) of that came from the earnings of migrant workers.

¶5. (U) Xie listed three major priorities for Chongqing's government in 2007. First is the need to improve rural infrastructure, especially irrigation/water conservation systems, roads, and telecommunications. Xie said that Chongqing would seek increased funding from the central government to meet these objectives, and would encourage local governments and rural residents to pay more attention to the care of existing

water conservation facilities.

¶6. (SBU) Funding for rural education is another major priority, according to Xie. He said recent central government directives had made 1.3 million Chongqing rural children eligible for free tuition and textbooks, but Chongqing needed more money from Beijing to cover these new expenses. The final major rural priority was rural health insurance. Xie stated that "only" 64 percent of Chongqing's rural residents participated, a figure which he considered too low. (Note: other interlocutors have given far lower participation figures. End note.)

WATER LACKING, AWARDS GALORE

¶7. (SBU) Xie detailed the effects of the 2006 drought, the "worst in over 100 years" on Chongqing's rural economy: 22.3 million people deprived of drinking water, direct economic losses of over RMB 800 million (USD 102 million), a reduction in grain output of over 2.58 million metric tons over 2005. (Note: Rather improbably, Xie also stated that per capita rural income had nevertheless increased by two percent in 2006. Admittedly, increased remittances from migrant workers may have played a role. Other contacts in Chongqing noted to us that government officials usually refer to a "drop" of at least two to three percent in per capita incomes due to the drought. End note.)

¶8. (U) Discussing the reasons for the drought, Xie dismissed the idea of changes in Chongqing's microclimate due to the construction of the Three Gorges Dam, and instead blamed global warming. He admitted, however, that Chongqing's water conservation system and irrigation network was unsophisticated and in need of repair, adding that local governments lacked the funds necessary to maintain the system properly. Asked about the effectiveness of local leadership in coordinating the response to the drought, Xie heaped praise on Chongqing's officialdom: "The response was so effective that Party Secretary Wang Yang was named as one of the ten most capable municipal

CHENGDU 00000036 002.2 OF 002

officials in all of China in 2006!"

RIVER TOWN TEN YEARS ON

¶9. (SBU) Congenoffs visited the city of Fuling, made famous in former Peace Corps volunteer Peter Hessler's bestseller "River Town." Although much of the older part of the city has been demolished, a massive dike now protects the lower elevations. New apartment buildings, hotels, and government offices have been constructed on higher grounds. As a result, Fuling is now divided into an "old city" and a "new city," with a seedy section of low-rent hotels and massage parlors dividing the two areas. Alongside the dike itself, authorities have encouraged the development of an "entertainment district," featuring wide sidewalks, art installations, night clubs, and restaurants.

¶10. (SBU) Fuling officials gave a rosy view of Fuling's development prospects. According to Fuling Resettlement Bureau Director Zhang Yanlu, almost 100,000 Fuling residents (out of a total of 300,000) have been resettled in new housing areas. Fuling Development and Reform Commission Director Xiao Lanyin claimed a local GDP growth rate of 13.5 percent, based largely on infrastructure construction and on the prosperity of its cigarette, pharmaceutical, and chemical processing industries. Fuling is also famous nationwide for the quality of its pickled mustard tuber. (Note: A local resident interviewed informally by Congenoff later complained about the city's economy, citing a lack of employment opportunities: "Most young people go to Chongqing to look for jobs." End note.)

¶11. (SBU) Asked about challenges, Xiao admitted that transportation was his greatest concern. Although Fuling is now linked to the highway system, a long-anticipated rail line has

not yet been constructed. And while Xiao waxed rhapsodic about the city's prospects as a deep-water port alternative to Chongqing during low-water seasons, he also admitted that construction of the new port was far from complete.

¶12. (SBU) After Fuling, Congenoffs visited Zhongxian (ref B), downstream on the Yangtze about two hours from Fuling. There, they toured Shibaozhai Temple, a historic site threatened by rising water levels. To protect the temple, another massive dike was under construction, and tourist infrastructure such as modern toilets and elevated walkways were being built. Nearby was a large resettlement village filled with new apartment buildings. Almost all of the residents visible on the streets appeared younger than 15 or older than 50.

COMMENT

¶13. (SBU) Glossy official pronouncements and showcase projects aside, rural Chongqing faces serious challenges. Post has previously reported on the number of displaced farmers on Chongqing's streets (ref B), and even a "windshield tour" of the reservoir area reveals widespread air and water pollution as well as poor housing and battered roads. The lack of young people in the countryside and in smaller cities is also obvious. Even assuming that there is no repeat of the 2006 drought this year, rural Chongqing needs all the help it can get from central and local authorities.
BOUGHNER